

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**Boston Gas Company, Colonial Gas
Company, Essex Gas Company d/b/a
KeySpan Energy Delivery New England**

D.T.E. 06-9

**INSTRUCTIONS FOR ALL ATTORNEY GENERAL'S DISCOVERY
ISSUED TO THE COMPANY IN THIS PROCEEDING**

1. These Document and Information Requests call for all information, including information contained in documents, which relates to the subject matter of the requests and which is known or available to Boston Gas Company, Colonial Gas Company, and Essex Gas Company d/b/a KeySpan Energy Delivery New England (KeySpan) or to any individual or entity sponsoring testimony or retained by the Company to provide information, advice, testimony or other services in connection with this proceeding.
2. Where a Request has a number of separate subdivisions or related parts or portions, a complete response is required to each such subdivision, part, or portion. Any objection to a Request should clearly indicate the subdivision, part, or portion of the Request to which it is directed.
3. If information requested is not available in the exact form requested, provide such information or documents as are available that best respond to the Request.
4. These requests are continuing in nature and require supplemental responses when further or different information with respect to the same is obtained.
5. Each response should be furnished on a separate **DATED** page headed by the individual Request being answered. Individual responses of more than one page should be stapled or bound and each page consecutively numbered.
6. Each Document and Information Request to "Please provide all documents..." or similar phrases includes a request to "identify" all such documents. "Identify" means to state the nature of the document, the date on which it was prepared, the subject matter and the titles and the names and positions of each person who participated in the preparation of the document, the addressee and the custodian of the documents. To the extent that a document is self-identifying, it need not be

separately identified.

7. For each document produced or identified in a response which is computer generated, state separately (a) what types of data, files, or tapes are included in the input and the source thereof, (b) the form of the data which constitutes machine input (e.g., punch cards, tapes), (c) a description of the recording system employed (including descriptions, flow charts, etc.), and (d) the identity of the person who was in charge of the collection of input materials, the processing of input materials, the data bases utilized, and the programming to obtain the output.
8. If a Document and Information Request can be answered in whole or part by reference to the response to another Request served in this proceeding, it is sufficient to so indicate by specifying the other Request by participant and number, by specifying the parts of the other response which are responsive, and by specifying whether the response to the other Request is a full or partial response to the instant Request. If it constitutes a partial response, the balance of the instant Request must be answered.
9. If the Company cannot answer a Request in full, after exercising due diligence to secure the information necessary to do so, state the answer to the extent possible, state why the Company cannot answer the Request in full, and state what information or knowledge is in the Company's possession concerning the unanswered portions.
10. If, in answering any of these Document and Information requests, you feel that any Request or definition or instruction applicable thereto is ambiguous, set forth the language you feel is ambiguous and the interpretation you are using responding to the Request.
11. If a document requested is no longer in existence, identify the document, and describe in detail the reasons the document is unavailable.
12. Provide copies of all requested documents. A response which does not provide the Attorney General with the responsive documents, and requests the Attorney General to inspect documents at any location is not responsive.
13. If you refuse to respond to any Document and Information Request by reason of a claim or privilege, or for any other reason, state in writing the type of privilege claimed and the facts and circumstances you rely upon to support the claim of privilege or the reason for refusing to respond. With respect to requests for documents to which you refuse to respond, identify each such document.
14. Each request for information includes a request for all documentation which supports the response provided.
15. Provide four (4) copies of each response and two (2) copies of all bulks.

16. The term "Company" refers to KeySpan. Unless the request specifically provides otherwise, the term Company includes all witnesses, representatives, employees, and legal counsel.
17. Please furnish each response on a separate sheet of paper, beginning with a restatement of the question.

**ATTORNEY GENERAL'S FIRST SET OF
INFORMATION AND DOCUMENT REQUESTS**

- AG-1-1 Please provide copies of all documents relating to the request for proposals ("RFP") associated with the competitive solicitation process outlined in the Testimony of Elizabeth D. Arangio, page 13. Include copies of all the initial request letter(s) sent to each bidder, any updates in those letters, original RFPs, modification or amendments to the RFPs, and any responses sent by the RFP recipients to the Company. Include in this response all evaluations, studies, reports, correspondence, e-mails, notes, presentation materials, and work papers related to the RFP response.
- AG-1-2 Please state whether KeySpan sent the evaluation criteria and an explanation of the criteria to all RFP recipients and state if and when KeySpan used the criteria. Please provide any evaluation criteria that KeySpan intended to use or used or criteria that it sent to RFP recipients, and any related documents explaining or discussing the criteria.
- AG-1-3 Please describe any RFP pre-bid conference that took place to allow RFP recipients an opportunity to ask questions about the RFP and describe any other opportunities that allowed recipients to receive clarification and better understand the Company's objectives stated in the RFP.
- AG-1-4 Please describe in detail the criteria that KeySpan used to evaluate refreshed bids that KeySpan received on September 13, 2005 and describe the evaluation and negotiation process for selection of the winning bidder Merrill Lynch Commodities Inc. (MLCI).
- AG-1-5 Refer to p. 13 of Testimony of Elizabeth D. Arangio. Please provide a detailed explanation of the criteria the Company used to develop the list of 23 RFP recipients solicited to participate in the RFP process.
- AG-1-6 Refer to p. 14 of Testimony of Elizabeth D. Arangio. Please explain in detail KeySpan's reasons for requesting the four competitors to refresh their bids after the devastation in the Gulf by Hurricanes Katrina and Rita.

- AG-1-7 Please explain each of the separate profit sharing provisions of the contract under § 6.1 and how the proposed optimization agreement changed from the existing optimization agreement. Please provide copies of all correspondence, including but not limited to, internal and external e-mails, letters, memos and reports concerning the profit sharing provisions.
- AG-1-8 Please provide in complete detail the auditing methods used to review the amount of revenue subject to margin sharing for the past 5 years and provide the supporting accounting data. Include the breakdown of the amount split between customers and the Company and the dates that the customers received their allocation. Provide all supporting assumptions, calculations, and work papers. If none has been done, please explain.
- AG-1-9 Explain KeySpan's plan to audit the determination of the net profits and therefore aggregate margin and allocation of the aggregate margin? If there has been an audit or one is planned, please provide a copy of the final audit report (when available) or explain why no audit is planned if none is planned.
- AG-1-10 Please describe KeySpan's in-house capability for management of KeySpan's New York resource portfolios and provide the number of employees employed, job specifications and duties, and salaries of employees responsible for management of those resource portfolios.
- AG-1-11 Please explain whether or not KeySpan's New York facilities have outside resource portfolio managers.
- AG-1-12 Please explain in detail why "[KeySpan] needs to maintain a staff experienced in the day-to day management and optimization of the Massachusetts operations" and explain why KeySpan New York cannot manage KeySpan's Massachusetts resource portfolios. See Testimony of Elizabeth D. Arangio, page 17, lines 17-19.
- AG-1-13 Please describe KeySpan's in-house capability for management of its Massachusetts resource portfolio management from 1995 to present and include the number of in-house employees employed to manage the Massachusetts resource portfolio, job titles and descriptions, the number of employees holding each job title, and salaries for 1995-present.
- AG-1-14 Please describe KeySpan's plans to develop in-house capacity to management its Massachusetts resource portfolio and identify the number of employees that it anticipates that KeySpan will add or dedicate to such resource portfolio management. Please state anticipated salaries, and job descriptions of the employees dedicated to resource portfolio management if possible.

- AG-1-15 Please describe any cross-training that will occur between KeySpan Corporate Services LLC's (KSCS) New York Facilities and KeySpan's Massachusetts Facilities (Boston Gas Company, Essex Gas Company, and Colonial Gas Company) for the development of in-house capacity to manage KeySpan's resource portfolio for its Massachusetts Facilities and state whether cross-training would be feasible if none is planned.
- AG-1-16 Please state whether or not KeySpan intends to manage its resource portfolio for its Massachusetts Facilities using its in-house capacity that it will develop after expiration of the contract with MLCI, dated January 26, 2006.
- AG-1-17 State whether KeySpan believes that it should seek additional training for the staff that it will hire or assign to resource portfolio management outside the agreement with MLCI, and describe any additional training, and provide the reasoning supporting the need for added training.
- AG-1-18 State whether KeySpan believes that the contract with MLCI, dated January 26, 2006, will result in reduced benefits and increased costs of KeySpan's resource portfolio management for KeySpan's Massachusetts Facilities (*i.e.* reduction of the aggregate margin). Please provide the reasoning and all evaluations, studies, reports, correspondence, e-mails, notes, presentation materials, and work papers supporting that conclusion.
- AG-1-19 State whether KeySpan has considered alternatives to in-house capacity development and explain any alternatives and why they were dismissed.
- AG-1-20 Please explain why KeySpan believes that the Asset Optimization Agreement dated January 26, 2006 meets the Department's standard for approval of a gas commodity contract?
- AG-1-21 Please provide the details supporting the gas acquisition, procurement, management and dispatching costs that each of KeySpan's Massachusetts Facilities recovers through their base rates and CGAs. The response should include the details of the personnel costs, including position title, annual salary and any overhead costs allocated to the position.
- AG-1-22 Please provide copies of all contracts between MLCI or any affiliate of MLCI and any KSCS affiliated company.
- AG-1-23 Please provide copies of all contracts between any of KeySpan Utilities and KSCS. If there are any other KeySpan affiliates that are involved in the procurement, management and dispatch of gas for KeySpan's Massachusetts Facilities, provide copies of all contracts under which such services are provided.